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IMPLEMENTATION OF THE OUTCOME OF THE WORLD SUMMIT FOR SOCIAL DEVELOPMENT
SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: FIRST UNITED NATIONS DECADE FOR THE ERADICATION OF POVERTY
ENVIRONMENT AND SUSTAINABLE DEVELOPMENT: SPECIAL SESSION FOR THE PURPOSE OF AN OVERALL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF AGENDA 21
IMPLEMENTATION OF THE OUTCOME OF THE FOURTH WORLD CONFERENCE ON WOMEN

ECONOMIC AND SOCIAL COUNCIL
Substantive session of 1997
Items 5 and 7 of the provisional agenda**
INTEGRATED AND COORDINATED IMPLEMENTATION AND FOLLOW-UP OF THE MAJOR INTERNATIONAL UNITED NATIONS CONFERENCES AND SUMMITS
REPORTS, CONCLUSIONS AND RECOMMENDATIONS OF SUBSIDIARY BODIES

Letter dated 19 March 1997 from the Permanent Representative of Bangladesh to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I have the honour to bring to your attention the following documents issued at the Microcredit Summit held in Washington, D.C. from 2 to 4 February 1997: (a) Declaration and Plan of Action of the Microcredit Summit (annex I), (b) the Summit Communiqué (annex II), and (c) text of the message for the Microcredit Summit from the Chairman of G-77 and China (annex III).

I should be grateful if you would have the present letter and its annexes, along with the message from the Secretary-General presented at the Summit (annex IV) distributed as an official document of the General Assembly under

* A/52/50.

** E/1997/100.

agenda items 46, 99 (f), 100 (g) and 108 of the preliminary list of items of the fifty-second session and of the 1997 substantive session of the Economic and Social Council under items 5 and 7 of the provisional agenda.

(Signed) Anwarul Karim CHOWDHURY
Permanent Representative

ANNEX I

Declaration and Plan of Action of the Microcredit Summit, held in Washington, D.C., from 2 to 4 February 1997

I. Preamble

Our purpose as an assembly is to launch a global movement to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services, by the year 2005.

The Microcredit [1] Summit is but one part of a much larger effort to end poverty. To be successful, the overall movement to end poverty will require the implementation of a broad range of strategies. Building institutions capable of providing microfinance services, specifically credit for self-employment and savings capabilities, to 100 million of the world's poorest families, especially the women of those families, is just one of these strategies.

We choose this focus because experience has shown that the poorest people, especially women, are most likely to be left out of any poverty eradication program. Women's access to financial services is often made even more difficult by gender discrimination, despite the fact that women have shown themselves to be very adept at saving, highly creative entrepreneurs, and consistent in ensuring that earnings go directly to meeting family needs.

The Microcredit Summit Organizing Committee has adopted the definitions of "poor" and "poorest" determined by the Policy Advisory Group (PAY) of the Consultative Group to Assist the Poorest (CGAP). [2] The PAY defines the poor as those people living below the poverty line established by each country, and the poorest as those people in the bottom fifty percent of that group.

In order to reach the Summit's goal in the developing nations of the world, our focus is on reaching the poorest populations, as defined above. In industrialized countries, we must focus on those programs which are primarily serving families who were living below the poverty line established by that country when they took their first loan.

The Summit takes its inspiration from the global summits and conferences of this decade, at which governments and NGOs have come together to address the most pressing issues facing the human family. The Microcredit Summit embraces the vision of a just and sustainable world, as expressed in the documents of the Earth Summit, the World Summit for Children, the Cairo Conference on Population, the Social Summit in Copenhagen, and the Women's Conference in Beijing.

Using methodologies that promote responsibility, self-esteem, and financial self-sufficiency, and that demonstrate the capacity of communities to solve their own problems, microcredit is an important tool for sustainable social and economic progress, and a key strategy in achieving many of the goals agreed to at the major global

gatherings of this decade.

The Microcredit Summit recognizes the entire movement working to eradicate poverty and create a sustainable future. We invite those committed to reaching 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services, to unite behind this important step in the work to end poverty.

II. Finding Hope Amid Poverty

Stories of microcredit borrowers and their entrepreneurial efforts are stories of courage, human dignity and economic promise. They demonstrate the vast depth of the human spirit and the possibility of triumph over the cruelties of poverty—a victory that people who are very poor achieve for themselves when offered access to basic resources and services.

Nurjahan

Nurjahan is a borrower of the Grameen Bank in Bangladesh. Her name means "the light of the world." Abandoned by her parents at three months of age and raised by a neighbor, Nurjahan was married at twelve, only to be abandoned by her husband a year later, while three months pregnant. She then returned to the family who had raised her, cooking for them while raising her son.

Before joining the bank, Nurjahan had never earned more than US$ 37.50 in a year and owned no land. By 1995, after five years as a borrower, her annual income was US$ 250 (just above the national average) and she owned two goats, one pregnant cow, ten hens, and two-thirds of an acre of land. The land cost US$ 1,000, more than four times the average annual income. Seasonally, she employs two farmhands to assist with her rice crop. In a country where only 46 percent of the children reach grade five, Nurjahan's son is now in eighth grade.

Nejira

Nejira is a Bosnian refugee from a small village near Srebrenica. Like most women from this region she lost her husband and her home. She lived with her two children in a refugee center near Tuzla on humanitarian aid. She had nothing to do except to think about the past and cry. Under the Local Initiatives Pilot Project initiated by the World Bank, a Bosnian NGO proposed small loans for income-generating activities. Nejira hesitated for some time. She had never handled money; that had been the responsibility of her husband. Finally she decided to borrow DM 500 (US$ 330) to buy a goat. She knew how to raise the farm animals and she could sell the milk. Since then, she and her children feel some hope that life can begin anew.

Mary

Mary Akoth lives in Ahero Town in one of the poorest parts of rural western Kenya. She is 38 years old and is responsible for her five children, between 5 and 22 years of age, and her one grandchild. Mary became destitute in 1979 when her husband left her and her family refused to help her. She and her children were forced to move to Ahero

Town and she was reduced to the most degrading means of earning money in order to pay the rent and buy food. Her life was a constant struggle.

In 1992, Mary attended AFRICA NOW training as part of Nyando Women's Group and a year later she received a loan of Ksh 200 (US$ 4) from AFRICA NOW. She started trading in chapatis and tea on the roadside. Soon she began to make a profit of Ksh 40 each day. After six months she added rice and beans to her product range and she increased her client base considerably. She was then able to request a plot of land from the local county council and constructed a temporary kiosk. She also hired a young man to help her with her growing business, and by 1995 Mary was able to hire two more people.

Today, Mary makes a profit of US$ 8 per day (twice the size of her original loan). She uses the money to pay rent, provide good food for her family, and pay school fees for her two school age children. She employs three people and plans to expand her business further. She says she is no longer embarrassed and does not feel isolated and helpless as she did before. She says she now looks forward to a future for herself and her children that she never dreamt possible. She says she has regained her dignity.

Judy

Judy struggled for years to raise her children while living on public assistance in Chicago, Illinois. A woman of quiet dignity who has known great sorrow, including the death of a child, she was anxious to build a better life for herself and her children. To supplement her meager benefits, she began selling shoes door to door. Yet despite her ambition and natural ability to sell, Judy remained dependent on welfare and the protection afforded her and her children by Medicaid health insurance. A minimum wage sales job with no health benefits was not the future she was looking for, yet she wanted to work.

Judy's caseworker referred her to the Women's Self-Employment Project (WSEP). Founded to increase the incomes and self-sufficiency of low- and moderate-income women in Chicago who are interested in self-employment, WSEP is one of many organizations helping women create their own jobs in some of the poorest communities in the United States. Judy's first loan was for US$ 600. After two-and-a-half years establishing a consistent customer base and using progressively larger loans, she has opened her own shoe store.

Today, Judy operates her own retail business. Her youngest son, who frequently accompanied his mother to her borrowers' meetings, is familiar with almost every aspect of his mother's retail operation and intends to become a businessman himself some day.

The time has come to recognize microcredit as a powerful tool in the struggle to end poverty and economic dependence.

We have assembled to launch a global movement to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services, by the year 2005.

III. Declaration

A. Poverty and the Struggle to Overcome It

> "Despite all our technological breakthroughs, we still live in a world where a fifth of the developing world's population goes hungry every night, a quarter lack access to even a basic necessity like safe drinking water, and a third lives in a state of abject despair -- at such a margin of human existence that words simply fail to describe it."
>
> UNDP Human Development Report, 1994

The global economy today can be encapsulated in one stark contrast: the increasing disparity between the rich and the poor. On the one hand, the affluent in both developed and developing countries enjoy lifestyles characterized by a host of energy- and resource-consuming comforts and privileges. On the other hand, the world's poorest people live in severe deprivation, characterized by malnutrition, vulnerability to infectious disease, lack of education to enhance upward mobility, lack of shelter, and lack of access to resources that would allow them to work their way out of poverty. In spite of steady increases in the global standard of living since World War II, the World Health Organization reports that in 1995 more than one billion people, or one-fifth of the world's population, lived in extreme poverty, and that this poverty is now the leading cause of death.

Extreme poverty is an economic condition in which household income is not sufficient to supply the minimum nutrition needed for growth and long-term survival. The poor are chronically malnourished, especially the children. They easily fall victim to illnesses that, for most people, are not usually fatal. Every day, 35,000 children die before their fifth birthday as a result of chronic malnutrition and hunger-related diseases. The lives of nearly thirteen million children would be spared every year if poverty were eradicated.

The majority of the poor live in developing countries. India and China together account for nearly one-third of the world's poorest twenty percent. At the same time, poverty and hunger are found within the borders of the wealthiest nations as well. While income maintenance programs have helped alleviate some forms of poverty in wealthy nations, they have done little to alter the social and psychological consequences of powerlessness and dependency that make poverty nearly as debilitating in London or rural Alabama as it is in Khartoum or Manila.

Courage and Redemption in the Face of Poverty (El Salvador, 1992)

Francisca Rojas was orphaned at the age of nine and lived by herself in a ditch beside the road until a woman found her, took her home, and put her to work washing and ironing. Francisca ran away when she was seventeen and had her first child when she was eighteen.

"I went to my first [bank] meeting and was afraid I could not [take and repay a loan]," said Francisca, a borrower of a FINCA village banking program in El Salvador. "But the field worker who was there believed I could do it, and I was so desperate that I tried it."

With her first loan [in 1991], Francisca bought spices, noodles, and little ceramic pieces that she sold at the market on a tray. After three loans of US$ 50 each, she had saved US$ 45. "I never saved before," Francisca continued. "I used to earn US$ 17.50 a week. Now I earn from US$ 35 to US$ 53 each week. I can spend almost twice as much for food, live in a much nicer home, buy medicines, and save money. I feel safer now. I sleep calmly at night because I am not so worried about how to pay back a money-lender. I don't have to prostrate myself to anyone. I have confidence. When you have been as poor as I have been, there is a lot of shame. Even when I was a child, people wouldn't look at me. I guess they were afraid I would ask them for something. I never had any friends. Now each week I come to our bank meeting. They are glad to see me. Now I have friends. This is the most important thing," she concluded.

In both developing and industrialized countries, poverty has a predominantly female face. The United Nations Development Fund for Women (UNIFEM) finds that women earn only 10 percent of the world's income, and own less than 10 percent of the world's property. Of the more than one billion adults who have no access to basic education, more than 60 percent are women. Of the 1.3 billion absolute poor today -- people living on less than US$ 1 a day -- over 900 million are women. Further, the poverty of women generally results in higher birth rates, and the physical and social underdevelopment of their children. Thus malnutrition, infectious disease, and lack of education rob

hundreds of millions of the opportunity to fulfill their human potential -- and the world is denied the vast social and economic contributions of their lives.

1. Foreign Aid, Public Welfare Programs, and the Poorest

In recent years, serious rethinking of aid policy and practice has taken place within donor agencies. Among the most important changes in perspective has been the assessment that aid programs have often failed to reach the poorest twenty percent of the people of the world.

> "[L]ess than 10% of all international aid for development is devoted to directly meeting these most obvious of human needs. . . . And as total bilateral aid from the Western industrialized nations is approximately US$ 40 billion a year, this means the amount given for nutrition, primary health care, water and sanitation, primary education, and family planning comes to about US$ 4 billion a year. This is less than half as much as the aid-giving nations spend each year on sports shoes."
>
> UNICEF, The State of the World's Children, 1993

Conscientious attempts are now being made to target assistance to the poorest, and to channel resources through non-governmental organizations. Within wealthier nations, public assistance programs for poor people have failed in many cases because they provide few pathways out of dependency. Rather than focusing on creating the conditions for employment, the programs provide for minimal physical survival and penalize initiative. Self-employment options are often blocked by regulatory barriers and the unavailability of capital and loans for start-up investments. In recent years, often at the behest of non-governmental organizations, public welfare agencies have begun to allow experiments and demonstration projects, waiving asset and income limitations for some low-income entrepreneurs and allowing them to participate in microcredit programs.

There is growing awareness that very poor people are ready and willing to pull themselves out of poverty if given access to basic economic inputs in an enabling environment. This insight has led to growing support for microcredit programs that serve the poorest people in urban neighborhoods and in rural areas.

"The microenterprise initiative will maintain a particular concern for very poor entrepreneurs, especially women, who may be more difficult to reach, but who depend for survival on microenterprises."

Charter of the USAID Microenterprise Initiative, June 22, 1994

"While poverty eradication is the integrating theme for everything we do, we believe that rural credit is the most important single weapon to overcome poverty."

Fawzi Al-Sultan, President, IFAD, on the occasion of the launch of CGAP, 1995

"I share with you a deep enthusiasm for what this remarkable tool [microcredit] can be in the future of poverty eradication."

James Gustave Speth, Administrator, United Nations Development Program, October 2, 1995

"[M]icrocredit programs have brought the vibrancy of the market economy to the poorest villages and people of the world. This business approach to the alleviation of poverty has allowed millions of individuals to work their way out of poverty with dignity."

James D. Wolfensohn, President World Bank, July 11, 1996

2. The Effort of the Poorest People to Help Themselves

What must be recognized as the cornerstone of any global anti-poverty strategy is the irrepressible desire and innate capacity of people to improve their situation and to succeed, for themselves and especially for their children. The majority of the poor who cannot find wage work combat poverty by eking out a living using whatever means they have. A woman selling oranges on the streets of La Paz or a man hammering out pots from used metal in Bombay are examples of how millions and millions survive, creating work and income for themselves and their families where there are no jobs.

The self-employed comprise between 50 and 60 percent of the labor force in many developing countries.

3. Invisibility of the Poor in the Formal Financial Marketplace

For the most part, the drive of very poor people to help themselves through self-employment is ignored by the formal financial sector. Because the very poor have not traditionally been recognized as creditworthy or able to save, and because, using traditional commercial banking methods, the cost of making a larger loan of US$ 10,000 or US$ 100,000 is virtually the same as the cost of making a loan of US$ 100, poor people are not perceived as a profitable market for credit. As a result, very poor people are forced to turn to traditional moneylenders -- who may charge rates as high as 10 percent a day. Paying these exorbitant rates, the poor remain poor -- passing this burden, and often the debt, on to future generations.

Focusing on the one billion people that comprise the poorest 20 percent of the population, the United Nations Development Program finds that they account for only 1.4 percent of the world's Gross National Product and only 0.2 percent of commercial lending (see figure).

Despite the fact that women's labor makes a critical contribution to developing countries' economies, women's access to key resources is particularly limited. In African countries, for example, women account for more than 60 percent of the agricultural labor force, and contribute up to 80 percent of the total food production, yet they receive less than 10 percent of the credit provided to small farmers. [3]

In industrialized countries, credit and other support services for self-employment activities remain scarce, and funds that could sustain institutions that lend to very poor people are even scarcer. Yet microbusinesses comprise a vibrant and viable economy that is largely unnoticed by policy makers and the private sector. For example, microbusinesses in the U.S. are plentiful, comprising an "invisible economy" that goes largely unnoticed in economic development debates. Recent research, however, reveals that microbusinesses with one to four employees generated 43 percent of the net new jobs created from 1990 to 1994.4 While not all microentrepreneurs in the U.S. are poor, many are. In France, 92 percent of the 2.3 million existing enterprises have less than ten employees, and 50 percent of these employ only the owner-operator. In 1994, approximately 40 percent of the enterprises created in France were created by unemployed people.

According to the Organization for Economic Cooperation and Development (OECD), the long-term trend of declining self-employment in industrialized countries was reversed in the 1980s. Currently, self-employment is increasing at a faster rate than total employment.

In formerly socialist and communist countries undergoing privatization (often referred to as transitional economies), the situation for the poor, especially poor women, is rapidly deteriorating. Women face discrimination, and are increasingly shut out -- both from politics and from formal channels to business ownership. In transitional economies, banks do not lend to private individuals, much less to the poor. This presents a tremendous hurdle for individuals for whom self-employment is the only work option open to them.

Self-employment is particularly important in the post-socialist countries as a way of privatizing the economy. Massive unemployment, underemployment, and dwindling state budgets mean that huge numbers of citizens are idle, unpaid by their former state employers, and unable to access credit to start a business. While it is critical that the poor and unemployed are given a chance to participate in these newly opened economies through starting microenterprises, the barriers are great: regulatory constraints, exorbitant interest rates, prohibitive taxation and lending policies, and the slow velocity of currency are all factors that must be addressed by new microcredit programs.

B. Microcredit: Empowering Poor People to End their Own Poverty

Microcredit programs extend small loans to poor people for self-employment projects that generate income, allowing them to care for themselves and their families. In most cases, microcredit programs offer a combination of services and resources to their clients in addition to credit for self-employment. These often include savings facilities, training, networking, and peer support. Microcredit is a powerful anti-poverty tool that has demonstrated relevance to people on six continents and in nearly every country. It is estimated that microcredit programs now reach something on the order of eight million very poor people in developing countries.

"In 1975 when the bank was not taking many risks, a vegetable vendor came who was under such economic pressure that she was absolutely desperate. Her husband was an unemployed textile worker, and he would somehow roam about and fill his belly each day, but it was a very difficult situation for her and her children. The bank decided to extend her a loan of Rs. 50 (US$ 1.50), and someone went with her to buy green masalas like coriander, mint, ginger, garlic, and chilies. That day SEWA [the Self-Employed Women's Association] cared for her children, who were sick and hungry. She earned Rs. 6 profit selling the masalas that day, and she took home food that night. She continued building her business day by day, and the next week she repaid Rs. 51. It was hardly any risk for the bank and it literally meant life or death for that woman. After that, we started extending those Rs. 50 loans to many women."

Ela Bhatt, General Secretary, SEWA, India

In industrialized countries, the microenterprise movement is younger but has grown remarkably over the last decade. For example, ten years ago in the U.S. there were less than ten programs; today there are approximately 300 programs that have empowered tens of thousands of people to start and operate their businesses. In Europe, France is the only country that has started a large-scale microcredit program; the Association pour le Droit a l'Initiative Economique was created in 1989. In Belgium, Germany, and the United Kingdom similar programs are being designed. In the Post-Socialist countries of Eastern Europe a few programs have been created, among them the Village Credit Funds project in Albania and the Mikrofund in Poland. Programs throughout the industrialized world have provided a combination of targeted loans, training and technical assistance that enable microentrepreneurs to run a business in these highly regulated and complex economies.

1. The Case for Microcredit

There now exist both a substantial track record of accomplishments and a significant body of scholarly studies that together paint a picture of microcredit as a compelling antipoverty and development strategy. Taken together, these accomplishments communicate the possibility of moving toward a world freed from the blight of poverty within a length of time measured in years, rather than decades or centuries. The value of microcredit and its potential to help most of the world's billion poorest people is reflected in the seven findings that follow, each based on practical experience and

evaluative studies.

Very poor people are a good credit risk, especially in the context of mutual-responsibility systems.

Microcredit programs representing different models and operating in different cultures have discovered that very poor people achieve strong repayment records. In developing countries, late payment and bad loan ratios are comparable to or below those of conventional banking houses. For example, Amy Glosser's study of Banco Sol revealed that only .04 percent of the loan portfolio was in arrears beyond thirty days, compared with a 4.42 percent figure at other banks. [5] In industrialized nations, repayment rates of microcredit programs are often lower than those of conventional banks, but they are consistent with the level of risk embodied in the loans. Risk levels for microentrepreneurs in industrialized nations are often higher because poor people are often engaged in start-up businesses and lack the assets that can provide an equity base for their venture.

The creditworthiness of the poor has been proven irrespective of gender. Although women have often been denied access to credit by legal and traditional barriers, experience has shown that women as a group are consistently better in promptness and reliability of repayment. Focusing on women as clients of microcredit programs has also been a very effective method of ensuring that the benefits of increased income accrue to the general welfare of the family, and particularly the children. At the same time, women themselves benefit from the higher status they achieve when they are able to provide new income.

Sustainability of programs in the developing world is achievable.

In the 1994 paper, "Maximizing the Outreach of Microenterprise Finance: The Emerging Lessons of Successful Programs," Christen, Rhyne and Vogel studied eleven leading microenterprise finance institutions. The researchers found that some of the eleven continued to be dependent on grants and subsidized loans, while a few had achieved a state in which they could continue operations on an unsubsidized basis. The overall picture was one of a growing trend toward sustainability that holds great promise for the rapid growth of microcredit programs in developing countries. This study, combined with the well-known record of achievement and expansion of individual programs, proves that microcredit institutions in developing countries have the potential to become profitable institutions, capable of competing for investment funds in the financial marketplace.

"The confirmation that microenterprise credit can be managed to achieve economic viability is an accomplishment of revolutionary proportions. This permits an activity motivated by social impact to break free of the structural paradox of most humanitarian efforts, in which the cost of reaching every additional person brings the program closer to its economic limits. Successful microfinance, on the contrary, becomes more self-sufficient with scale."

Michael Chu, President, ACCION International

Industrialized nations are developing models for organizational sustainability that will further accelerate the rapid growth achieved in the field in the last decade. It must be recognized, however, that the economic context in which microentrepreneurs and microenterprise programs operate in industrialized countries is radically different from most developing nations' economies. In the developing world, where wage employment is scarce, self-employed individuals generally constitute some 40-60 percent of the adult workforce. In industrialized countries, only 8-30 percent of the labor force is self-employed. Usury laws, lower volumes of lending, and greater demands for training and technical assistance from the microentrepreneurs themselves pose unique challenges to program operators, and accordingly preclude the microenterprise field in industrialized countries from reaching the scale of operations found in developing nations. However, programs in industrialized countries are committed to exploring ways of becoming self-sustaining so that, to the greatest extent possible, their operating costs will be covered through direct revenue from program services.

Microcredit models have exhibited a high level of replicability.

In spite of ethnic and cultural differences, microcredit programs, using different methodologies, have spread rapidly around the world, in many cases implementing innovations and adaptions that are necessary in different contexts. Grameen Trust has funded project start-ups in nineteen countries in Asia, Africa, and Latin America. Opportunity International has developed 52 microlending partners in 26 countries.

The village banking movement has now grown to more than 68 programs in 32 countries. [6] The ACCION Network now reaches 277,000 clients in thirteen Latin American countries and in the United States. The Women's World Banking Network has forty-five affiliates in thirty-seven countries around the world. The credit union movement in Burkina Faso has created 325 women's associations which in three years

have made 26,000 loans averaging US$ 41.48 apiece for a total of US$ 1.11 million. One of Canada's savings and credit cooperative movements, Developpement International Desjardins, has microcredit partners in fourteen developing countries with a total loan portfolio of US$161 million.

Microcredit models from developing nations have been replicated in industrialized settings, although adaptions are required to fit the circumstances of developed economies. Replications of program models are also taking place between industrialized and newly democratized states.

Programs grow to serve large numbers of very poor people.

Microcredit programs have reached a significant scale. The Grameen Bank of Bangladesh now serves 2.1 million borrowers and the Bangladesh Rural Advancement Committee (BRAC) now serves one million families with credit. FINCA currently has affiliate programs in fourteen countries, reaching 70,000 borrowers.

Microcredit programs help borrowers work their way out of poverty.

There is growing evidence to support the intuitive understanding of most practitioners and participants that access to credit is helping poor people end their own poverty. A Catholic Relief Service evaluation reports that 97 percent of the members of two established village banks in Thailand found their income had increased by between US$ 40 and US$ 200 per year. Similarly, interviews with 380 FINCA village bank borrowers in El Salvador revealed that weekly income increases averaged 145 percent. [7]

An Aspen Institute study of seven U.S. microfinance programs found that 62 percent of poor participants increased their household incomes over a three-year period. [8] Of these, 68 percent increased their household income by more than 25 percent. Forty-two percent increased their incomes by more than 75 percent.

In 1995, the World Bank published an extensive study of Grameen Bank by Khandker, Khalily and Khan. The researchers compared wage levels in villages served by the Bank with a control group of villages that lacked a Grameen center. They found a significantly higher wage level in the Bank villages, indicating that economic activity fueled by Grameen credit had tightened the labor market and thereby increased community income. They also noted that Grameen borrowers in 1994 were saving substantially more than they did in 1987. [9]

Microcredit programs stimulate savings and asset accumulation among poor people.

One of the important services that many microc edit programs offer their clients -- both borrowers and non-borrowers -- is a safe place to put their savings. Empirical and anecdotal evaluations of many microcredit programs report conclusively that, from the client's perspective, learning to save, and having a safe place to keep those savings, are principal benefits of the program.

There are many advantages to saving, both for the borrower and the microcredit institution. Borrowers correctly see savings as a way to enhance family security. Savings also give borrowers a yardstick for measuring their economic progress, and are often a source of great pride to women who have never had their own working capital. By providing borrowers with a growing stake in their peer lending group, savings accumulation provides an incentive for borrower insistence on efficient and transparent management of funds. In some microcredit systems, savings generated by the members of a peer lending group are re-lent among the group's members, creating a second loan portfolio whose interest income becomes an additional source of income to the borrower. For the microcredit lending institution, savings can provide an important source of additional collateral for meeting the risk of non-repayment, and for increasing the supply of available loan capital. Savings as a percentage of total loan portfolio also provides a convenient measurement of the program's rates of internal capitalization and financial self-sufficiency. However, in order to protect the savings of their clients, programs that accept savings may require more oversight and regulation than those programs that do not.

Microcredit programs become vehicles for a variety of desirable social developments.

Microcredit can play an important role in increasing access to basic social services and thereby enhancing the well-being of very poor people. A poor woman who is able to access microcredit can also gain increased access to primary health care, safe water and sanitation for her family, and family planning information and services. She is also more likely to enroll her children, particularly girls, in school. In a UNICEF-supported microcredit program in Vietnam, for example, it was found that 97 percent of the daughters of the borrowers attended school, compared with only 73 percent of non-borrowers. In a program in Egypt, women with working children were given access to credit once their children were enrolled in school.

"Increased income earned by a low-income mother translates into a chain of positive improvements for her family. This chain starts with her capacity to purchase more food. A better diet and improved nutrition stimulate better family health. Improved health results in greater resistance to disease, higher energy, greater capacity for work and learning, and thus enhanced productivity. As family nutrition and health are stabilized, incremental investments in the education of children are almost certain to follow.

Close behind education expenditures come investments in home improvements. Finally, these outcomes are paralleled by a near-total transformation of the borrower's self-respect."

John Hatch, founder, FINCA

One common characteristic of many successful microcredit programs for very poor people is the regular meeting of solidarity groups -- on a weekly, biweekly, or monthly basis. These regular meetings not only facilitate regular payment on the loans, but also play a crucial role in forging the solidarity of the borrower group. From a program design standpoint, these regular meetings provide an excellent forum for learning and discussion about issues such as health care and sanitation, family planning, ending marriage dowries, and running a business, among other things. [10] According to SEWA founder Ela Bhatt, the SEWA microcredit program "organizes borrowers to bring them together to think through their common problems, agree on common issues, decide common action, and forge common ideologies." Daycare services, schools, playgrounds, clinics, reforestation, potable water, fuel-efficient stoves, electrification, literacy classes, social security systems, and insurance schemes are examples of the many community development projects that have grown out of the leadership skills and solidarity spawned by mature peer-lending groups.

In this way, microcredit programs make significant contributions toward building civil society institutions. There is an important synergy between improving the economic well-being of poor people and fostering institutions that give them a greater opportunity to participate in their society. This is especially true for women, who traditionally have been excluded from participatory roles yet are particularly vital to the functioning of democratic societies.

In countries making the transition to free-market and democratic principles, microcredit can play an important role in ensuring that the shift to privatization and

decentralization benefits people other than those in the already powerful or connected elite. In these economies, it is not only the tangible financial and technical assistance that transforms the lives and communities of microentrepreneurs. Microcredit clients learn the importance of adhering to and using legal contracts, methods to hold banks and community institutions accountable to the law, and they become familiar with their own rights as business owners. Local organizations, in order to be eligible to manage credit funds, learn that democratic forms of leadership and transparency of financial and management systems must be demonstrated.

2. Characteristics of Successful Microcredit Programs for the Poorest

Though approaches to microcredit vary from program to program, many of the programs that have been most successful in achieving the kinds of results discussed above share certain characteristics. These programs, whether village banks or credit unions, demonstrate the participatory qualities characteristic of "people's organizations" as defined by Ela Bhatt, founder of SEWA. In Bhatt's words, "People's organizations exist for the benefit of their poor worker, producer and entrepreneur members and are also managed by them, are democratically operated, and aim toward self-reliance."

These microcredit programs provide people with tools to achieve higher levels of economic independence, and they encourage widespread participation in organizational decision-making. In most of the successful cases, traditional forms of security such as collateral are replaced by a system of collective responsibility within a group of peers. Ownership of the financial institutions by the borrowers themselves is another achievable goal in the context of many of the models of microcredit that are currently in operation.

Unity along with Credit

"What has been the greatest impact on your lives?" asked the interviewer of the rural villagers of Tinaias, Colombia. Each member of the group of sixteen women and one man told the same story: "Before, when neighbors passed one another along the road, they wouldn't even speak to each other. And when one person arose to do something for the community we all thought, `He is only doing this for himself.' But when we joined the solidarity groups to obtain credit, FUNDAEC gave us training courses in unity, solidarity, service, responsibility, and other values....Now there is a warm feeling in the village; people work together and take leadership to get things done. The solidarity board has replaced the village council that still can't get along, and we petitioned the government and got electricity. Unity along with the credit has made the greatest difference in our lives."

Most microcredit programs also accept as a fundamental premise that the borrowers are the best judges of their own situation and know best how to use credit when it is available. Each individual has the opportunity to choose the income-generating activity appropriate to her circumstances. If she is involved in group lending, she also has the benefit of constructive criticism from the members of her lending group. In this way, the programs stimulate both individual creativity and participatory planning by a group of peers. Most programs provide advice for aspiring entrepreneurs, but the initiative and the final responsibility rest with the individual and her circle of fellow borrowers. Other common characteristics of successful microcredit programs for the very poor include:

* targeting the very poor;

* tailoring program operations to reach women as recipients of microcredit;

* simple procedures for reviewing and approving loan applications;

* delivery of credit and related services to the village and neighborhood level in a convenient and user-friendly way;

* quick disbursement of small, short-term loans (three months to one year);

* clear loan recovery procedures and strategies;

* the incentive of access to larger loans following successful repayment of first loans;

* in developing countries, interest rates adequate to cover the cost of operations; in industrialized countries, interest rates at least equal to commercial rates;

* encouraging and accepting savings in concert with lending programs;

* commitment to, and training for, democratic participation in decision-making by all those involved as clients;

* a culture, structure, capacity and operating system that can support sustained delivery to a significant and growing number of poor clients;

* accurate and transparent management and information systems which are actively used to make decisions, motivate performance, and provide accountability of management performance and the use of funds, and clearly demonstrate program performance to commercial financial institutions; and

* access to business information, expertise, and advice to microentrepreneurs.

Most successful microcredit programs offer a menu of loans to meet their clients' needs. For example, a borrower who has successfully participated in a program for several years may be able to access leasing loans -- allowing her to finance the purchase of large and expensive inputs like a tractor or auto-rickshaw -- or larger loans for the improvement or purchase of a home.

Consumption or consumer loans can also contribute to the productivity of the very poor entrepreneur, as well as providing security by reducing vulnerability. [11] Living at such a precarious level, very poor people are constantly vulnerable to a multiplicity of personal and financial disasters: illness generates medical expenses; death necessitates funeral expenses; crop failure requires additional expenditures on food as well as seeds for the next season. Very poor people also face foreseeable but unmanageable expenditures such as the need to pay school fees. Consumption loans can assist very poor people in managing these events without forcing families to sell what few assets they have to raise cash, or risk the traditional moneylender's crippling

rates of interest.

3. Beyond Microcredit: Other Financial and Business Services

Founded on the principle that the "borrower knows best," many of the more established microcredit programs working with very poor people offer other services in response to the needs of the self-employed people they serve. Many poor people who are self-employed in the informal sector are operating in markets that are increasingly complex and affected by the globalization of markets. Therefore, in order for very poor people to build income, assets and livelihoods in a sustainable way, an emphasis is needed on policy reform to achieve an enabling environment for their business. Very poor microentrepreneurs also benefit from access to:

* market information and commercial linkages;

* appropriate technology and methods to improve productivity, including the use of traditional knowledge;

* know-how, connections, and bargaining power for equipment and supplies;

* health and social security systems; and

* appropriate management expertise for individual and collective enterprises.

At the same time, it is important that when more mature microcredit institutions expand to offer the above services, they continue to do so as a fee-for-service business. Any business development services offered by microcredit institutions should provide clear and direct value to the low-income entrepreneur, in ways that make it attractive to the microentrepreneur to pay, at least in part, for these services. The criteria for evaluating the success of these non-financial services to the poor should include the following:

* Added Value: The service should have a direct impact on improving the productivity, welfare, and profits of the microentrepreneur and her enterprise.

* Scale: The institutions should have the potential capacity to provide the service to thousands or tens of thousands of clients in developing countries.

* Sustainability: The institution providing the service should have a clear plan for how

these services will be sustained without outside subsidies. As with financial services, this will not happen immediately. A period may be required to test workable program models, and to build to the volume of services that will enable sustainable levels of operations. Sustainability may require strategies to build endowment or capital funds, cross-subsidize services, and build fee-for-service arrangements to cover a significant portion of the cost. In industrialized countries, governmental support and other revenue sources may be needed to support non-financial services.

These approaches have been successfully applied by several organizations around the world to provide services previously thought of as social expenditures to very poor entrepreneurs. SEWA Bank has built a capital fund that generates income to cover part of the cost of health and life insurance premiums for its members. Its members contribute, over a seven-year period, amounts sufficient to cover the costs of the premium, to repay the medium-term loan, and to build the temporary capital fund. Grameen Bank, Shakti Foundation, and other institutions have built self-sustaining emergency and disaster relief programs for their members -- important in countries where natural calamities can wipe out livelihoods. Appropriate Technology International has promoted and participated in a range of commercial ventures in which producer organizations develop and control state-of-the-art processing facilities and marketing arrangements. These ventures are geared at increasing incomes for tens of thousands of producers, and position them as major players within the economic subsector in which they operate.

C. The Call to Action

After World War II, who would have guessed that a prostrate Europe and Japan would rebuild and soon be challenging the United States for economic supremacy? At the turn of the century, who would have imagined that the scourge of smallpox would be wiped off the face of the earth within a few decades? In 1945, who would have predicted that developing countries within less than the span of a single human lifetime would successfully lower their infant mortality rates by more than 60 percent, increase life expectancy at birth from less than 41 years to more than 62, and increase per capita food consumption nearly 35 percent? And in 1985, who would have predicted the fall of the Berlin wall within four years?

We offer these illustrations as evidence that collective human effort can produce extraordinary results. It is now time for the enormous dynamic energy of collective human will to focus on ending absolute poverty.

"Until one is committed, there is hesitancy, the chance to draw back....Concerning all acts of initiative (and creation), there is one elementary truth, the ignorance of which kills countless ideas and splendid plans: that the moment one commits oneself then Providence moves too....I have learned a deep respect for one of Goethe's couplets: `Whatever you can do or dream you can, begin it. Boldness has genius, power and magic in it.' "

W.H. Murray, The Scottish Himalayan Expedition

Given the successes of microcredit institutions, and recognizing the urgency of the task to unleash the potential of the one-fifth of humanity that still lives in extreme poverty, there is an immediate need for a global strategy to extend credit for self-employment and other financial and business services to very poor people, wherever they are found.

We, the assembled delegates to the Microcredit Summit, herewith commit to this multifaceted global campaign. The Summit is the nexus at which practitioners, NGOs, saving and credit cooperatives, foundations, educational and religious institutions, governments and leaders in finance and business stand shoulder to shoulder to affirm our common goals and agree on this decade-long strategy to accomplish a pivotal next step in the unleashing of human potential.

The Microcredit Summit calls on all people of good will to join in the effort to expand the reach of credit for self-employment and other financial and business services to 100 million of the world's poorest families, especially the women of those families, by the year 2005. We believe this to be a critical next step in the effort to eradicate extreme poverty from the face of the earth. We believe that human poverty, inequity, and their consequences damage the life-supporting capacity of the planet, and cannot be sustained. We believe this campaign will become one of the great humanitarian movements of history, allowing people to free themselves from the bondage of poverty.

IV. Plan of Action

A. Meeting the Financial Needs of the Mo ement

The objective of expanding credit for self-employment and other financial and business services to 100 million of the world's poorest families by 2005 is an ambitious one. It is estimated that up to US$ 21.6 billion in grants, low-interest loans and commercial loans could be needed to achieve this goal by 2005. This amount is small in relation to total development aid, total private sector donations and social investments, and total private capital flows. This estimated cost includes monies that are now being spent globally on microcredit programs serving very poor people. Of this amount, current experience suggests that a little more than half may need to be provided through grants and concessional loans. Thus about US$ 10 billion may come from commercial credit markets, institutional earnings, and the savings of the public, including the savings of the poor themselves.

It is critically important that microcredit institutions maintain their commitment to outstanding repayments, excellent client service, and sustainable institutional development. Whereas success can lead to expansion and new programs, the lack of success can be damaging, and not just to the immediate program. Perceptions held by prospective clients, investors, and donors are communicated well beyond the borders of a particular program, with the likelihood that the skeptics who react to a failed program will outnumber the optimists who find momentum in a successful program. The Summit's commitment to the expansion of credit and other financial and business services to 100 million of the world's poorest families can be derailed by an indiscriminate flow of resources to programs that are not ready for the next level of growth. If growth occurs too quickly, or if the goal of expansion is put ahead of sustainability, programs may have more clients than they can effectively serve.

1. Types of Funding Needed

Over the last ten years, strong microcredit institutions in developing countries have shown that after five to seven years of operation, they can achieve the size and efficiency levels that enable them to cover their operating and financial costs, without requiring additional subsidies. The savings of program clients are often used to further expand loan capital and credit operations, therefore reinforcing sustainability. However, many microcredit institutions in developing countries are still operating at small and intermediate scales, requiring a mix of grants, concessional lending, loan guarantees, commercial rate lending, and equity investments by commercial banks and financial institutions. In industrialized countries, grants, concessionary loans and other

subsidies will be needed to help support the costs of non-financial services. In some countries, new microcredit institutions and programs will need to be encouraged with seed funding and institutional development support. Activities of practitioner networks will need grant support to build the exchange of experience and technical services required to help local organizations grow to serve significant numbers of very poor families.

Grants and Donations

For the thousands of existing microcredit institutions still operating at small and intermediate scales, and for new microcredit institutions, grants and donations are needed to support their early years. [12] Grant funds are needed to finance salaries and training of staff, the establishment of basic service infrastructure, and the buildup of loan portfolios that enable these institutions to demonstrate strong repayment performance. Grants and donations will also be needed to fund program innovations as more mature microcredit institutions seek to provide an expanded range of services to their clients. The key sources for this type of assistance are multilateral and bilateral aid programs and national and local governments. Other sources are private donors, grant-making organizations, service clubs, religious organizations and corporations.

Even during the early stages of a program's development, care needs to be taken to ensure that these external funds support rather than substitute for local mobilization of funds. Many of the strongest microcredit institutions, particularly in Africa, have the savings of very poor clients as the main source of their loan funds. Where possible, external grants should be structured to support the build-up of the capital base of the microcredit institution. With a strong capital base, microcredit institutions can build their operations and loan portfolios, and leverage commercial funds without relying on permanent, external support.

Concessional Loans

Loans to microcredit programs at subsidized rates from international financial institutions (e.g., the World Bank and the regional development banks) and private socially-conscious investors are important for fueling rapid growth of loan portfolios in the early stages of a microcredit institution's development. These funds help underwrite a transitional period during which the young institution is moving toward sustainability, but is still in need of special support. The use of soft loans should be provided in an environment of business discipline. In order for concessionary funds to accomplish this, rather than becoming a cover for inefficiency or dependence, the granting of such monies

should be subject to clearly articulated and measurable performance measures.

Guarantees

Guarantees are a way for donor agencies and institutions to make efficient use of their limited resources by stimulating a flow of credit from financial markets into microcredit programs. Guarantees are a good interim measure for microcredit institutions in the process of moving from the nonprofit sector into the commercial. These microcredit programs benefit from the assistance of donor-extended guarantees while they adjust to the discipline of financial market requirements. To ensure this process, guarantee funds must be extended after conducting an assessment of the financial performance of the microcredit institution. While the very nature of a guarantee fund means that risk is being assumed and a degree of loss accepted, no guarantee should be extended if, at the point of approval, an applicant program is not perceived on a professional basis to have the means of repaying the obligations it is undertaking.

Commercial Loans

Market-rate loans to microcredit programs from commercial sources will be essential for fueling the expansion of those programs that have achieved scale sufficient to reach economic viability.

2. Support of Programs in Developing Countries by Bilateral Donor Agencies, International Financial Institutions, and the UN Family of Organizations

The path to the Summit's goal will require that microfinance programs become independent of donors and other international organizations, and begin to tap much more plentiful private funding. However, particularly in the early years, these donor agencies have a critical role in supporting the creation and expansion of individual microfinance programs and in preparing them to become independent. The central challenge for multilateral and bilateral donor agencies is to craft their support in ways that foster independence while maintaining their commitment to the poorest segments of the population.

As the current chief sponsors of the microfinance movement, multilateral and bilateral donors must set high expectations for performance by microfinance institutions in order to maximize the effects generated by their funds. Joint donor committees have established selection and performance criteria for microfinance institutions in consultation with practitioners. These criteria should be applied whenever these

institutions fund microfinance programs. A core purpose of such criteria is to prepare microfinance programs that serve very poor people to meet the requirements they will face if they are to attract private commercial funds, or to qualify to accept the deposits of their clients.

The Microcredit Summit recommends the use of "The Guiding Principles for Selecting and Supporting Intermediaries" adopted by the Committee of Donor Agencies for Small Enterprise Development and by the Donors' Working Group on Financial Sector Development. These guidelines recommend funding a range of microfinance institutions on the basis of incremental and absolute performance measures, with support provided for loan funds, capitalization, and practitioner-based institutional development. For the purpose of the Microcredit Summit, the guidelines' references to "low-income" clients and "the poor" should be changed to "very poor" people. The Consultative Group to Assist the Poorest (CGAP) has already begun applying revised donor standards to their investment program.

The multilateral international financial institutions (e.g., the World Bank) have access to amounts of funding quite large relative to most microfinance institutions. In the poorest countries, many of these resources are highly concessional, while in other countries, such as most of Latin America, resources in hard currency carry terms much closer to the commercial market. As a result of the instruments available to them, multilateral banks often have difficulty providing small amounts of funding, in local currency, to non-governmental organizations. Many of the multilateral banks are required by charter to work directly with and through governments (although all now have some capacity to work directly with the private sector). Multilaterals should develop more flexible instruments, allowing them to reach microfinance institutions in ways that better reflect the needs of the microfinance sector. An example of a new instrument of this type is the World Bank co-financing of the pilot CGAP investment fund, a grant facility that provides direct financing to promising microfinance institutions based on transparent performance criteria and targets. One objective of this fund is to set industry standards for improved working relations between donors and microfinance institutions.

Another strategy for the mobilization and organization of funding may be a global system of regional or national microfinance structures. It is very important that these microfinance structures be operated by committed, well-managed microfinance banks or practitioner network organizations, rather than as donor projects or government programs. The recent World Bank investment in a microfinance fund for Bangladesh promises to be a good example of this type of funding arrangement.

These structures could be used for grant and equity financing, as well as loans to

existing institutions that meet agreed standards, and to new institutions that have strong commitment and capacity. These funds can act as intermediaries for loans from commercial sources, and promote various instruments for capital markets in order to raise funds for microcredit programs. These facilities should support a wide range of sustainable institutions and credit methodologies, respecting both global realities and the existence of many successful indigenous microfinance structures and approaches. These facilities can serve as learning and know-how exchange networks, within and across countries and regions.

Whenever donor organizations work with microfinance, they should recognize the importance of local initiative and the available institutional base. They should follow and enhance local initiative whenever possible. Even if donors sponsor the creation of new organizations, they must ensure that those organizations have a solid local grounding.

Whether using newly developed or standard loan instruments, multilateral banks need to be particularly careful that the large amounts of funding involved do not overwhelm local institutional capacity, and that they do not remove incentives for local institutions to forge links with the private sector.

In industrialized countries, there is discussion among funders, policy makers, and practitioners that an organizing entity to manage microfinance funds would be greatly beneficial. For example, serious discussions in the U.S. have been initiated around the need for a "microenterprise intermediary" which would attempt to mobilize financing, set performance measures for the industry, and move the field to the next levels of maturity.

3. Microcredit and the Commercial Financial Markets

The access to conventional financial markets which will be needed to fuel the rapid growth of microcredit is a complex process that requires the best efforts of both experienced practitioners of microcredit and the leading managers in mainstream finance. The Summit seeks to provide a stage on which to educate both the natural stakeholders in microcredit and the key leaders of the financial sector about the substantial progress being made toward the marriage of microcredit and conventional financial markets. The following initiatives, already in existence, are promising indicators.

Involvement of nationwide banking systems

Some microcredit programs borrow funds from commercial banks to on-lend to their clients. Many microenterprise programs currently fund their portfolios by accessing the local banking markets as corporate customers -- subject to all the normal conditions. In many cases, their performance has matched or exceeded that of the formal financial sector. Thus, microcredit programs no longer rely exclusively on grants or external donations to finance their operations.

Creation of specialized financial institutions within nationwide banking systems

Some microcredit organizations have established fully-fledged financial institutions regulated by the Superintendency of Banks. These institutions are no different from other banks except for one thing: they are exclusively dedicated to microfinance. This has already happened in Asia (Bank Dagang Bali in Indonesia), and in Latin America (BancoSol in Bolivia), and is in process in Africa (K-Rep in Kenya). In some cases, conventional banks have established successful microlending operations (e.g., Multicredit Bank, Panama; Banco del Desarrollo, Chile).

When microcredit programs make the transition to become formal financial institutions, they can have a dramatic impact. For instance, the entire Bolivian banking system serves a total of 167,000 clients, of which 63,000 (or nearly 40 percent) are clients of BancoSol. Attractive economic performance has also been proven, as shown by BancoSol's return on assets of 2.2 percent in 1994 -- the highest in the entire Bolivian banking system.

Mobilization of savings from the microenterprise population

The enormous potential of savings in this sector has been demonstrated by, among others, the experiences in Indonesia (Bank Dagang Bali), Bangladesh (Grameen Bank), Bolivia (BancoSol), Mali (Kafo Jiginew), and Senegal (Crédit Mutuel du Senegal).

Savings of microentrepreneurs in savings and credit cooperatives represent US$ 1.344 billion in the developing world. The viability and importance of savings among microentrepreneurs have been demonstrated in industrialized countries as well. For example, U.S. programs operated by East Side Community Investments, the Corporation for Enterprise Development, and the Women's Self-Employment Project have illustrated successfully the ability of

microentrepreneurs to contribute to their economic and social development through savings.

Issue of debt instruments through national securities exchanges

Successful issue of paper into local capital markets by microenterprise specialists that are not formal financial institutions has been demonstrated in 1995 in Paraguay by the NGO Fundacion Paraguay de Cooperacion y Desarrollo, with an issue of US$ 150,000.

Placement in international markets of financial instruments issued by microcredit institutions

Certificates of Deposit of BancoSol have been placed in the U.S. and French markets to premier financial institutions on a strictly commercial basis. Thus, the world's most sophisticated capital markets have actually been linked with the promise to pay of a woman microentrepreneur selling her wares on a street corner in La Paz. Closing this loop is a true landmark in the development of microenterprise finance.

The securitization of microenterprise loan portfolios

In Latin America, a model is being deployed by the ACCION Network to issue into local financial markets commercial paper backed by microenterprise loan portfolios. This is scheduled to be implemented by 1997. If successful, this may constitute an alternative model as powerful as that of formally chartered financial institutions.

Establishment of equity and quasi-equity funds

Newly formed funds such as ProFund and ACCION's Gateway Fund have been created to provide investment capital for those microcredit lenders who are ready to make the transition to more conventional commercial funding sources. ProFund is a US$ 20 million equity fund headquartered in Costa Rica that began operations in 1995 with support from various sources, and ACCION's Gateway Fund is a projected US$ 9 million equity, quasi-equity and lead-debt investment fund.

Socially-responsible investment funds

The socially-responsible investment community, especially from industrialized countries, has contributed in a significant way to enabling microcredit organizations to access commercial sources of funds. Funds such as the Calvert Fund have invested in mechanisms (for example, ACCION's Bridge Fund) which serve to access and leverage commercial funds, or invest in financial institutions that specialize in microfinance.

To build on these promising beginnings, microcredit leaders, financial sector specialists, and key government regulators must create the necessary facilitating frameworks and eliminate all unwarranted obstacles to linking microcredit to capital markets. Working together, they must identify and resolve key issues. They must examine the issues of regulatory environment, market imperfections, financial reporting, financial best practices, marketing, risk-management, and credit rating.

In many ways, microcredit represents the triumph of pragmatic reality over ideology. It is a strategy for reaching the lowest income sectors, but rather than charity, it is an investment in people's self-reliance. It sets government's role at the beginning of the innovation cycle, where it can assist civil society in launching initiatives long before, and until, they are commercially viable -- not to replace the role of the private sector but precisely to promote its involvement.

B. Building Institutional Capacity in the Developing World

The single biggest challenge to expanding microcredit to 100 million of the world's poorest families, even greater than the challenge of mobilizing the necessary funding, is the need to build local institutional capacity in communities around the world. The emphasis in capacity-building should be to strengthen the thousands of existing microcredit NGOs, cooperatives, credit unions, grassroots groups, and poverty banks that at present comprise the microcredit movement. The most successful method for building institutional capacity in local institutions around the world has proven to be the structured exchange of experience among the practitioner organizations themselves, rather than the use of foreign consultants.

Local, regional, and global networks of microcredit practitioners have major roles to play in building this institutional capacity. These networks can provide much more than practitioner-based services; at their best, they embody shared principles and mutual accountability for results. Global and regional practitioner networks, usually established as NGOs, can organize practitioner-based training and technical services,

build self-regulating systems for adhering to standards, and help mobilize funds for institutions that meet the agreed upon standards. Success in these practitioner networks has been in recognizing that most of the know-how in microcredit exists in developing countries, and that any external assistance needs to support, not replace, local initiative and local institutions.

It is important to recognize that many NGOs will need to change their approaches, capabilities and systems dramatically if they are to be successful in microcredit. Microcredit needs to be approached as a socially-responsible business, not as charity or social welfare. It is difficult to incorporate a successful microcredit program into an institution that has a relief or social-service approach to helping the poor. Nevertheless, some NGOs have been successful in this transformation, and it is important to adopt shared measures of performance, reach, and business practices, rather than any preconceived notion of which organizations can or cannot be successful in microcredit.

Other kinds of institutions also need to be encouraged and assisted in delivering microcredit to the poorest. Both large and small banks need to be motivated to offer services to very poor microentrepreneurs, either through existing departments, through specialized lending departments, or through subsidiary institutions devoted to this specialized type of activity. Increasingly, as the success and profitability of microcredit become more obvious, banks will seek entry to the field. International and regional financial institutions must be prepared to provide guidance, and to refer local banks to sources of quality advice and training.

1. The Social Entrepreneur and CEO

While the emphasis in capacity-building should be on strengthening existing institutions, the key factor in creating a new program is finding a committed individual who accepts the challenge of becoming a social entrepreneur. Such individuals are interested in creating private-sector solutions to social problems, and are committed to building a private-sector institution based both on sound business practice and social values. Future social entrepreneurs are everywhere, but they themselves are unaware of their potential. They are found in all segments of society: business, academics, arts and culture, bureaucracy, professional groups, international organizations, religious institutions, political activists, social workers and many other backgrounds.

The movement needs a systematic plan for publicity and recruitment through exposure and dialogue programs to find and develop the necessary talent as efficiently as possible. In addition, a training process needs to be established that will give each candidate an opportunity, within an enabling environment, to try out his or her talent.

Commercial and development banks, along with other financial institutions such as savings and loan associations, cooperatives, and credit unions, can create and expand microcredit programs of their own. Instead of social entrepreneurs, they may identify specially-trained CEOs for these programs. Recruitment and training of these private sector executives and their staffs are as important as the development of social entrepreneurs in the NGO sector.

2. A Dramatic Expansion of Leaders and Staff

As a starting point to estimate the implications of reaching 100 million of the world's poorest families with credit for self-employment and other financial and business services, a model has been developed to understand the scale and scope of the institutional capacity required. The following indicators of scope reflect institutional averages; the staffing and organizational models underpinning these numbers need not be interpreted literally. This model is offered as a basis for estimating the staffing required both to expand the current institutions and to create the new institutions needed to achieve the Summit's goal. Again, in the calculations that follow, the emphasis should be on strengthening or expanding the thousands of existing microcredit programs.

Social entrepreneurs/CEOs and existing programs will need to train managers and field staff to work at the village level. Field experience has shown that one field worker can serve 200 borrowers. Assuming this staff-client ratio, 500,000 field workers will be needed to serve 100 million clients. If one assumes a drop-out rate during training of 15 percent, the total number of intakes of trainee field workers should be 575,000.

Based again on experience, it is possible to assume that one manager or supervisor will oversee the activities of eight field workers. This in turn means that training must be provided to 71,875 managers/supervisors.

Over ten years this number can be trained in classes of steadily increasing size:

Year	No. of Trainees	
	Field Workers	Managers
1996	2,000	250
1997	5,000	625
1998	10,000	3,125
1999	25,000	6,000
2000	48,000	9,375
2001	75,000	9,375
2002	100,000	12,500
2003	150,000	18,750
2004	160,000	20,000
Total:	575,000	71,875

Just as microcredit programs make special efforts to reach female borrowers, so should training and recruitment be designed to foster gender balance in program staff at both the field and managerial levels.

Information about the training experience in one country may help give a picture of current training capacity. In Bangladesh, albeit an exceptional case, at least 150 NGOs are engaged in microfinance programs, serving nearly 2.5 million borrowers (in addition to Grameen's 2.1 million). One NGO, BRAC, serves more than a million borrowers. These NGOs have all created their own training facilities to carry out their programs. Grameen Bank reached its training peak in 1991 when it prepared 2,682 staff in one year. In 1995, Grameen Trust and Grameen Bank jointly trained 650 international staff.

3. Organizing the Training

The success of the microcredit movement to date has been the rapid and decentralized development of many different models. The field remains young and in a rapid state of evolution. What is considered the frontier of learning will be quickly absorbed and superseded by new knowledge. Innovations on which learning will be based are occurring in different places, at different rates of speed. What is needed are mechanisms to capture and transfer this learning rapidly and efficiently from place to place.

This involves:

* ongoing practitioner exchange through affiliate networks;

* practitioner exchange across affiliate lines;

* short-term training opportunities for the quick diffusion of new techniques;

* documentation that analyzes and describes what is working and why;

* simple-to-read, practical technical materials that help practitioners understand how to implement methods, do financial analysis, structure and manage portfolios, deliver business development services, and reach the very poor in a cost-effective manner, etc.; and

* the use of electronic means of communication for on-line seminars, problem solving, and the rapid exchange of materials.

A range of microcredit organizations, regional and global practitioner networks, and others need to be encouraged to organize the training. Successful microfinance organizations and networks can be sponsored to build a process that could include helping leaders of new microfinance organizations and programs launch a start-up operation, learn to run microfinance operations successfully, and learn to grow operations to a sustainable scale. This training would need to be offered at induction, refresher, advanced and specialized levels. The training of social entrepreneurs and business executives would run on a different track than that of managers and field staff. Training should be structured to involve country or regional groups of organizations operating at similar stages of development, to encourage sharing of experience and to build a sense of mutual accountability for results. For example, the Grameen Bank and Trust could undertake to work with a set of 1,000 institutions in a continuous way over the nine-year period following the Summit.

In addition to training, technical services and exchange visits, practitioner networks and successful microfinance organizations would need to organize specialized workshops and conferences on specific issues, (e.g., repayment problems and rehabilitation strategies).

In order to undertake this training, various organizations and networks would need to be supported in building training programs within operating institutions as well as

national, regional and global programs. Existing facilities could be used, as the ideal training situation involves groups of between twenty and fifty people.

It is expected that 90 percent of managers and field workers would be trained in their own country by grassroots microcredit institutions, and 10 percent would receive training outside of their country at regional facilities.

Training facilities must be strategically located to provide quality training to staff and management in the region. At least five centers of excellence must be created within local operating institutions to provide leadership in training and to devise and test innovative methodologies.

4. Training Materials

The lead microfinance institutions and networks organizing this training would need to translate their existing materials. To facilitate training by a range of institutions, they would also need to improve existing materials, and make them widely available. Videos, audio cassettes, films, software, manuals and publications will be needed, and their preparation and distribution will require financial support.

5. Training Cost

In-Country Training Cost

Whether in new or already existing institutions, it is expected that 90 percent of new managers and field staff, would be trained in-country. Assuming a cost of US$ 1,000 per field worker for six months of in-country training, and a cost of US$ 1,300 per supervisor/manager for six months of in-country training:

Cost of training for 517,500 field workers:	US$ 517 million
Cost of training for 64,688 supervisors/managers:	US$ 84 million
Subtotal:	US$ 601 million

Training Cost at Regional Centers

It is expected that only 10 percent of managers and field workers would be trained at the regional training centers. Assuming a cost of US$ 1,500 per field worker for ten weeks of training at a regional center, and a cost US$ 2,000 per supervisor/manager for ten weeks of training at a regional center:

Cost of training for 57,500 field workers:	US$ 86 million
Cost of training for 7,187 supervisors/managers:	US$ 14 million
Subtotal:	US$ 100 million
Total cost of in-country and regional training:	US$ 701 million

Training costs include all operating costs of the training institutes during the training of managers and line staff. The figures offered above do not include capital costs necessary to establish the institutes, nor do they reflect expenditures on training of trainers, designing and production of training materials, and costs of action-research to fine-tune training needs. To cover all these items, the total of US$ 701 million should be increased by roughly 50 percent. Thus, total funds required for the global training program are US$ 1.06 billion dollars.

C. Building Institutional Capacity in Industrialized Nations

In most industrialized nations, self-employment increasingly has become an employment or re-employment option for many, including the poor. Many underemployed and unemployed individuals turn to self-employment as a means to create and supplement income for themselves and their families.

Over the last ten years, an infrastructure of microenterprise development organizations has developed in direct response to this trend. These organizations, most of them nonprofit, combine empowerment, education, and credit as stimulants to alleviate poverty. Some programs are "credit-led," emphasizing the need to extend small amounts of capital to the self-employed poor. Others are "training-led," emphasizing the need to improve the skills and business knowledge of the poor. While there are many program models, all recognize the inherent worth and dignity of the individual. All attempt to build on the strengths of the microentrepreneur: her creativity, perseverance, hard work, and willingness to take risks. All programs seek to "level the economic playing field" for the poor, enabling them to gain access to economic resources.

Of the 100 million very poor families that the Summit seeks to reach, four million will be found in the industrialized countries. This target represents a very ambitious but worthy goal for the microcredit movement in the developed world, given that, in the U.S. for example, the approximately 300 existing microenterprise development programs are currently reaching 40,000 to 50,000 families a year. Reaching four million families by the year 2005 will require that these existing efforts greatly expand their reach. Existing programs will need to market their services more aggressively and strengthen their internal financial, administrative, and management systems in order to

handle a rapidly growing client base effectively. New programs will need to be designed and launched; by taking advantage of the growing experience in microenterprise development, they may be able to scale up relatively quickly. Strategic partnerships between programs and other financial, training and technical assistance entities will also help efforts to scale up program services. If the microcredit movement in industrialized nations is to achieve the goal of reaching four million families by the year 2005, the capacity of the movement will need to be enhanced in five broad areas:

* methodological development and innovation;

* improved performance and development performance measures;

* organizational capacity-building;

* mobilization of additional financial resources; and

* regulatory reform.

1. Methodological Development and Innovation

Industrialized country microcredit programs can benefit from focused and structured analysis and dissemination of program methods and innovations occurring in the most successful microcredit programs. The Self Employment Learning Project (SELP), for example, is informing the U.S. field about critical success factors such as program cost effectiveness, financial and organizational stability, and loan performance. Further analysis is needed of these and other important elements that, when combined appropriately, lead to effective and large scale delivery of business development services targeted to low-income people.

Broad dissemination of these and other findings to microcredit practitioners can lead to the creation of best practices and standards. Focused demonstration projects centered on structured learning can establish reference points for the field's continued development. In the U.S., the Association for Enterprise Opportunity's annual conference provides a forum for the exchange of information. This conference might be supplemented to include presentations of successful program models and demonstration projects whose learning is significant to the advancement of the field in such key areas as performance and cost-effectiveness. Institutions are needed whose focus will be to conduct analysis and document effective program methods and innovations. A dissemination plan for this work should include publications,

conferences, and program exchange.

2. Improved Performance and Development of Performance Measures

There is a need to document and improve the performance of microcredit programs in industrialized countries in order to secure additional resources and to maintain and improve the quality of service provided. This process should involve developing standard measures and definitions for the industry; encouraging clear and consistent program reporting; supporting the collection and analysis of basic data; developing performance measures; and gaining the agreement of practitioners and donors to accept and use these performance measures.

3. Organizational Capacity-Building

If existing microcredit programs are to scale up their efforts to reach four million poor families by the year 2005, their organizations, staff, and leadership capacities must be strengthened. Training manuals must be developed on administrative, financial, and operational systems of microcredit programs. Efficient management information systems must be developed and used more consistently in order to more effectively monitor program performance. Opportunities for increasing the skill level and knowledge in the area of organizational and financial management need to be created for senior management and CEOs, and these skills must increasingly become transferable throughout the organization. Opportunities for additional board development and training should be created to strengthen further the governance and resource development capacities of boards. Opportunities for peer exchanges among programs, including internships, should be supported.

The creation of new methodologies and organizations, particularly credit delivery, should be encouraged at the local, regional and national levels. Existing organizations should be encouraged to seek innovative and strategic partnerships with formal financial institutions such as banks, credit unions, and insurance companies with the purpose of creating new products and services or otherwise enhancing service delivery.

Organizations will search for new and innovative ways to strengthen their internal financial capacity. A more predictable and permanent base of grant support will need to be combined with a commitment to cover an increasing portion of operating costs through direct revenue from interest income, training and technical assistance fees, and other direct service fees.

4. Mobilization of Additional Financial Resources

Financial support of microcredit programs has come from a variety of sources. In the U.S., for example, private foundations and the public sector have played a significant role in seeding this work, although these funders have met only a small part of the field's total funding needs. Future funding patterns suggest a flattening of support from these core sectors. At the same time, few funders have gone beyond individual grant-making to invest in the development of an infrastructure that can support higher levels of learning and performance in the field.

The Summit estimates that approximately US$ 21.6 billion will be required to reach 100 million of the poorest families by the year 2005. Approximately US$ 4 billion of these funds will be needed to fund the effort in industrialized countries to reach four million families. The resources needed to achieve the Summit's goal are required for three areas: operational funds, loan capital, and infrastructure development.

Operational Funds

The approximately 300 existing programs in the U.S. will need to scale up their efforts considerably, and another 200 new programs will need to be started over the next ten years. An additional 500 programs are either currently operating or will need to be started in other industrialized countries. All these programs will need to cover their operating costs through a combination of grants, concessionary loans or other subsidies, and direct revenue generated through program services.

Loan Capital

Among these 1000 programs, some will focus on training, some on credit, and a portion will offer both services to poor people. Among those organizations that focus on credit, some will extend it directly, and others will facilitate their clients' gaining access to credit from other sources, such as a bank or credit union.

Infrastructure Development

Resources in the form of grants and other subsidies for developing best practices, training and upgrading the skills of personnel, leadership development, experimentation, and innovation will be required to accelerate and advance the state of the art in microenterprise development in industrialized countries.

5. Regulatory Reform

Microenterprise programs in industrialized nations cannot be expected to reach their full potential unless regulatory barriers are removed. Such obstacles exist not because policymakers and large financial institutions have been opposed to microenterprise development, but rather because the political and business culture of economically advanced states rarely views low-income people as willing or capable of contributing to their economies through self-employment. As a result, microenterprise development is usually omitted in laws designed to foster job training, economic development, and poverty alleviation -- and its omission in law usually means an omission in practice. Further, "safety nets" in industrialized countries usually embrace an ethic of protection, not of development, requiring citizens to exhaust their financial resources before qualifying for public assistance. In the U.S., for example, severe income and assets restrictions apply to those receiving food, medical or cash assistance. Such limitations preclude the possibility of developing the income and assets necessary to escape welfare through self-employment.

Accordingly, industrialized nations should craft regulations that encourage microenterprise development among the poor by adhering to the following guidelines:

* Prospective entrepreneurs receiving public assistance should be permitted to accumulate the business assets, and exempt the business income, necessary to start and operate business ventures that will enable them to leave public assistance and contribute to their economies and communities.

* Health and dependent care benefits should continue, for a period of time, for microentrepreneurs who have left public assistance through their own small businesses.

* Many government-supported job training, economic development and small business programs should explore amending their programs to include microenterprise development as a legitimate use of program funds.

* Disparate government agencies regulating economic development, commerce, job training, housing, and public assistance should form "inter-agency task forces" to create a supportive regulatory environment for the development of microcredit programs for the poor. Laws that determine the framework through which such regulations are promulgated should be written in ways that foster coordination and cooperation.

* Partnerships between conventional financial institutions and microlenders should be encouraged to further banks' participation in microcredit programs for the poor.

D. Fulfillment of the Summit's Goal

The goal of reaching 100 million of the world's poorest families, especially the women, with credit for self-employment and other financial and business services by 2005 is a daunting one. Yet we embrace it as our challenge, and we commit our energies to its fulfillment. In doing so we build on over a quarter century of learning and achievement by groundbreaking institutions, the individuals that lead them, and the courage and dignity of the clients. The movement to achieve the Summit's goal has two central mechanisms: the Institutional Action Plan and the Microcredit Summit Council.

1. The Institutional Action Plan

The basic building block of the Microcredit Summit Campaign will be the institutional action plan. Institutional action plans will contain quantitative goals, a description of methods, and a timetable. Members of the Councils of Donor Agencies, Microcredit Practitioners, UN Agencies, and International Financial Institutions have agreed to arrive at the Summit having prepared their institution's action plan for helping fulfill the Microcredit Summit's goal. Other council members have agreed to announce their institution's action plan for contributing to the Summit's goal by February 1998.

2. The Microcredit Summit Councils

Each representing a different sector of civil society, the Microcredit Summit Councils are forums for similar organizations to support one another in developing and implementing institutional actions plans for contributing to the Summit goal. The Microcredit Summit Councils, with the support of the Microcredit Summit Secretariat, will (1) work to enlist others in the campaign to meet the Summit's goal, (2) promote a learning agenda and the exchange of best practices among council members, and (3) encourage the development and fulfillment of institutional action plans.

Different types of institutions have different unique contributions they can make toward fulfilling the Summit's goal. Based on the perceived need of the microcredit field, outlined below are suggestions for what members of each of the fifteen Councils might commit to in their institutional action plans.

Microcredit Practitioners

Development of internationally agreed-upon definitions, measures, and best practices -- both for institutional viability and program impact.

Working with representatives of commercial financial institutions, practitioners will need to define common accounting practices and terminology that can facilitate the financial analysis of individual institutions and the industry. Practitioners will need to develop industry measures of performance and a process for maintaining them. This is a fundamental step in the effort to link microcredit with the capital markets of the world. Microcredit institutions must be able to document their performance in order to attract funding -- both from commercial sources and, increasingly, from the donor community. In order to guarantee credibility and acceptance, the standards of microcredit should be based on accepted accounting practice. The Microcredit Summit recognizes that during the last few years, various practitioners, savings and credit cooperatives, NGOs, bilateral and multilateral agencies, and other parties have done extensive work in this area.

The development of methods for evaluating the impact of programs on the borrowers, their enterprises, and their families (i.e., increased family nutrition, health, literacy, etc.) are primarily the responsibility of donors and research institutions. Although carrying out statistically rigorous impact studies is extremely expensive and difficult, a few such studies must be done. At the same time, simplified tools for estimating impact need to be developed and applied more widely by the practitioners themselves. In consultation with the very poor clients that they serve, practitioners must research how program design and policy can amplify positive effects.

Collaboration to develop training curricula and programs

Practitioners must be the driving force behind efforts to train staff for new institutions, and to build capacity within existing institutions

Development of a plan for growth

Practitioners in developing countries will map out a plan for their institution's expansion, and for a progression toward full financial sustainability that would allow their institution to transition away from donors and toward commercial sources of finance. Practitioners in industrialized countries will also map out a

plan for their institution's expansion, and for progression toward sustainability that would, as feasible, allow their institution to transition away from donors and toward commercial sources of finance. These plans should be designed to contribute to the goal of credit for self-employment and other financial and business services for 100 million of the world's poorest families, especially the women, by 2005.

Bilateral Donor Agencies

International aid programs of industrialized countries' governments will need to provide a significant proportion of the grants required for young microcredit institutions in developing countries (including funding the training centers, the microcredit institutions themselves, and the operating costs of the various microcredit networks). Grant application procedures and monitoring of grants need to be simplified, and start-up funds will need to flow through intermediary institutions that reach the poorest. This should be a coordinated strategy that operates with significant input from practitioners.

The United Nations Family of Grant-Making Organizations

Many UN agencies are concerned in one way or another with the problem of global poverty and its resolution through targeted development. While each agency has its own area of specialization, such as health, child survival and development, women's welfare, food and nutrition, refugees, etc., they are all aware that poverty is inextricably linked with virtually all the other issues of human welfare -- as both cause and effect.

The United Nations, as a family of organizations, should declare the goal of reaching 100 million of the poorest families, especially the women of those families, with credit for self-employment and other financial and business services, as an overriding priority for the next decade. Each agency should be asked to develop a plan for how it will promote and support microcredit institutions serving very poor people. This mandate could be expressed through a variety of strategies, including reducing red tape and making grants to microcredit institutions for early operating expenses, loan funds, and support for network offices. UN Agencies could also invest in promising microcredit start-up programs. One emerging effort is the "Micro Start" program being developed by the United Nations Development Program (UNDP).

The collective commitment of the United Nations will be expressed by each

individual agency (i.e., UNICEF, UNIFEM, UNESCO, UNDP, WHO, UNFPA) in their statements of support, with as detailed a listing as possible of existing and planned initiatives within the scope of their mandates.

International Financial Institutions (IFIs) -- Sources for low-interest, long-term loans

Institutions such as the World Bank, regional development banks, and the International Fund for Agricultural Development (IFAD) have a pivotal role to play in providing resources for microcredit institutions through their programs that offer concessional loans (e.g., loans that are low-interest and long-term) and loan guarantees.

Consultative Group to Assist the Poorest (CGAP)

Created in 1995 by the World Bank in consortium with twenty-three donor agencies, CGAP is playing a key role, with leading microcredit practitioners, in building consensus on microfinance standards. It also has a major role to play in distilling and disseminating best practices -- particularly to deepen understanding within the World Bank and member donors of how to provide effective technical and financial support to the field. CGAP is working with practitioner organizations to sponsor important policy-change forums with financial sector leaders, and is beginning important work to review how member donors can improve their funding mechanisms in support of microcredit.

Banks and Commercial Finance Institutions

*Defining key characteristics that make microcredit institutions "bankable"

An international committee of financial experts, bankers, accountants, and practitioners can define the set of characteristics (such as asset size, equity-to-debt ratios, and length of track record) that, when considered as a whole, qualifies microcredit institutions as "bankable." This committee can define general benchmarks for the growth of microcredit institutions that need to be reached in order for increasing levels of credit to be available.

*Developing and identifying best financial management practices

Banks and commercial finance institutions can collaborate with practitioners to identify microcredit industry best practices, including financial reporting, risk management, accounting, and marketing microcredit programs to financial

markets. They can assist microcredit institutions in becoming more viable clients by transferring to them relevant commercial banking technologies, including personnel training programs, information and accounting systems, and other banking management technologies.

*Extending credit to microcredit institutions at commercial rates

Banks and other traditional financial institutions can create credit lines to specialized intermediaries with successful track records in lending to very poor people, both to enable the specialized institutions to expand their microlending operations, and for on-lending to microenterprises. These financial institutions can also assist in the development and adaption of other credit and financial risk management products for use by specialized microfinance institutions. Joint credit (co-financing) facilities with the private sector operations of the multilateral development banks are one method for transferring appropriate financial technologies to specialized microfinance institutions.

*Developing appropriate instruments to tap both commercial and socially-conscious investment in microcredit

In the last few years, several innovative efforts have been deployed to facilitate the introduction of microcredit to both the commercial and socially-responsible investment sectors, which includes increasing numbers of environmentally sustainable enterprises. The Microcredit Summit is an ideal forum for disseminating successful experiences to the investment public and practitioners alike, for introducing novel instruments, and for encouraging investment.

*Advocating for industry regulation reform

Commercial banks can help support legislative and regulatory reforms that will allow microcredit organizations to develop into self-sustaining financial institutions.

*Educating industry peers

Those banking professionals and financial industry leaders who have already joined the microcredit movement can educate the larger banking and commercial finance community about microcredit, and the opportunities for collaboration with, and investment in, this emerging industry.

*Building innovative products and services in microfinance

In developing countries, growing numbers of banks are seeing the poor majority as an important market, and are adapting consumer lending and microcredit technologies to serve this client group. In industrialized countries, a growing number of banks are combining technology innovation with innovations in community outreach (many of which have been pioneered by microfinance NGOs) to provide financial services to low-income customers previously considered unbankable. Many of these innovations are being catalyzed and captured in the Banking Innovation Council of Women's World Banking. These developments need to be expanded dramatically, and should include a specific focus on reaching very poor people, if they are to contribute to the fulfillment of the Summit's goal.

Corporations

Corporations that are not banks themselves can still play an important role in the campaign. Corporations can provide grants for start-up microcredit institutions. They can lend their expertise (e.g., accounting, marketing, public relations) to the microcredit movement and the institutions and networks seeking to upgrade their infrastructure and customer services. For example, business executives from committed corporations around the world could serve as board members with start-up microcredit institutions. Corporations should educate employees and customers (including through advertising budgets) about microcredit. They should also advocate for policy reform that creates an environment supportive to microentrepreneurs and the informal sector.

Non-Governmental Organizations

NGOs are the types of organizations most likely to give birth to new microcredit institutions. Many NGOs have launched microcredit programs over the past two decades. Many more need to be involved in the creation of microcredit institutions, and those that are already involved need to expand their existing networks and coverage.

NGOs should review their program plans and search for ways to incorporate microcredit into a steadily increasing proportion of their antipoverty operations. NGOs moving to incorporate microcredit as part of their program portfolio should adopt the efficiencies developed by self-sustaining microfinance institutions in order to extend their reach. NGOs should link their microcredit projects with the global network of microcredit practitioners and advocates so that they may benefit from the information and technical assistance available in these networks.

This shift can be enhanced if the national associations of NGOs (e.g., InterAction in the United States, ACFOA in Australia, FAVDO in Africa) encourage microcredit institutional development among their member agencies in collaboration with established microcredit networks (e.g., SEEP Network, CASHPOR). They should coordinate a regular schedule of training conferences designed to educate their member agencies as to the best strategies and techniques for creating new microcredit programs and institutions, as well as expanding existing ones.

Service Clubs

Service clubs are a valuable means of connecting civic-minded business people internationally. Microcredit institutions have successfully linked service clubs in the United States with village banks in Latin America. Clubs throughout the world could provide start-up grants, direct technical assistance (e.g., accounting assistance from club members) and moral support for microcredit institutions around the world. Service clubs should create a goal for the number of microcredit institutions they will help launch each year.

Foundations and Philanthropists

Foundations and philanthropists have had a long history of leadership in the commitment to reduce human suffering. The field of microcredit as an antipoverty tool is a dynamic and yet relatively new phenomenon. For this reason it remains relatively unknown and underfunded by foundations. Foundations should explore how supporting microcredit will contribute to the fulfillment of their basic mission, and look for ways to expand the proportion of microcredit within their grant making. Foundations and philanthropists should educate their peers to do the same.

Educational Institutions

From grade school through graduate schools, educational institutions provide the foundation for what we know and value as a global society. Educational institutions at all levels should look for ways to educate their students, their families, their faculties and their staff about the potential of microcredit as an antipoverty tool and the opportunity for people at all levels of society to contribute to the campaign of reaching 100 million of the world's poorest families with credit for self-employment and other financial and business services by 2005.

Educational institutions, especially schools of business, can play a role in educating the current and future CEOs and business leaders who will be crucial to the expansion of

the movement. The development of good case studies to be used within a business school's curriculum would be a valuable tool in identifying those who have an interest in this field.

Students and faculty in educational institutions could provide voluntary translation services of microcredit institutions' training materials.

Students, faculty, and research facilities can play an important role in documenting the growth and impact of microcredit programs, thereby contributing to the improvement of the field. Internships with microcredit programs would help this effort in many ways.

Religious Institutions

At the core of all major religions is a commitment to serving the poor. The Microcredit Summit provides an opportunity for religious institutions to educate their congregations on new ways to assist people in eliminating their own poverty, by explaining the goals of the Microcredit Summit and suggesting mechanisms of support. Leadership from the spiritual community has been central in most social movements. This must be no less true of the microcredit movement.

Parliamentarians and Elected Officials

Parliamentarians have a unique role to play in bringing about societal change. They have the opportunity to educate and inspire their colleagues, their constituents, and the media. The political will to make change may start at the top or at the bottom, but to be truly lasting it must involve all sectors of society. Parliamentarians will have many allies in fulfilling the goals of the Summit, but their leadership in this effort -- helping to change laws and the regulatory environment, securing funding, highlighting success stories, and educating their colleagues and constituents on the importance of microcredit -- will be critical. This may be one of the most meaningful commitments of their political careers.

Domestic Government Agencies

*Regulatory change

Through international committees, model legislative provisions that create a more favorable environment for microcredit institutions and the clients they

serve could be developed. The model laws could open the way for mobilizing and protecting savings, adapting interest rate ceilings to the realities of microlending, guaranteeing the repatriation of capital from other countries, allowing non-collateralized lending, and appropriately altering requirements for the licensing of financial institutions. These provisions should both ensure integrity of these programs and minimize the bureaucratic hurdles these programs face.

Governments and financial institution supervisory authorities [13] should also enact legislation and promulgate regulations which will provide for a sound system of depositor protection and promote confidence in all financial institutions accepting deposits, including microcredit institutions. Such legislation and regulation should provide for minimum depositor protection in the form of rapid reimbursement of deposits in the event a depository institution is deemed insolvent, and provide assistance to those institutions that are in danger of insolvency.

Supervisory agencies can work with microcredit practitioners and each other to further develop common international principles regarding the performance and operation of microcredit institutions, and the assessment of the safety and soundness of such institutions. Supervisory agencies should understand the measures established by the microcredit industry and help ensure that all present and future measures and regulations serve to "add value" to the microcredit industry.

Governments and supervisory agencies should enact legislation and promulgate regulations that will encourage commercial financial institutions to provide access to poor and very poor clients, either directly or through partnerships with microcredit programs. For example, homestead and exempt property provisions that make land and equipment held by poor families unacceptable as collateral -- and the inability to use moveable property (such as merchandise inventory) as collateral -- directly limits access to credit for the poor. The limits exerted by laws and regulations are compounded by problems with other public institutions (e.g., slow or inaccessible public registries, slow or expensive enforcement procedures, and incomplete or nonexistent coverage by credit bureaus). Combined, these factors slow the development of private sector institutions that could channel funds privately to the poor.

*National and sub-national microfinance structures in developing countries

Governments should contribute to the creation of domestic funding programs, and provide adequate funding for microcredit institutions. These programs should be capable of providing grant funds, concessional loans, and a supportive environment for the participation of commercial financial institutions. Central Banks could stimulate linkages between commercial banks and microcredit programs by providing a line of credit to commercial banks for on-lending to microcredit programs.

*National, regional and state microfinance resources in industrialized countries

Efforts must continue to make government-subsidized loan funds, grant dollars and other assistance available to microcredit programs in industrialized countries.

Advocates

The role of advocates in this process will be an important complement to the leadership role that practitioners need to play in the microcredit movement. Advocates can help build commitment in the general public for eliminating world poverty through microcredit. This can be done through a dramatic presentation of the programs that have succeeded and the lives that have been transformed through access to credit and other financial and business services. Advocates can help shape substantive messages in ways that will be effective with different target audiences. The movement will need to develop a media strategy [14] to increase greatly the public's recognition of the importance of microcredit, to raise funds, and to create a favorable public policy climate. Institutions who are members of the Microcredit Summit Council of Advocates will be called upon to support the Summit goal through fundraising, education, advocacy, policy development and research.

Heads of State and Government

As we move into the 21st century, one of the greatest factors contributing to national instability and civil unrest is the widening gap between rich and poor. Fulfilling the goal of the Microcredit Summit is the greatest single intervention known for resolving this disparity. During the 1980s, there was an unprecedented expansion of childhood vaccination rates in the developing world. The jump from a 25 percent vaccination rate in the early 1980s to an 80 percent rate at the end of the decade has helped to save the lives of tens of millions of children. Heads of state and government played a significant role in this success by, among other things, launching vaccination campaigns and getting personally involved.

The direct involvement of governments in administering microcredit programs has often led to the politicization of the program, with disastrous results. Governments must be supportive without being overbearing. It will be necessary for governments to encourage a macro policy environment that does not inhibit the impact of financial services to the poorest at the micro level. Heads of state and government can educate their nations and other heads of state and government. They can listen to practitioners and borrowers and push for the policy changes needed.

3. The Role of the Secretariat and the Campaign Committee

The Microcredit Summit has established councils for the above sectors in order to commit to strategies, monitor progress, and advocate for change within their respective institutions and constituencies.

The Microcredit Summit will establish the Microcredit Summit 2005 Campaign Committee. The Campaign Committee will include the chairs of all councils: practitioners, donor agencies, UN agencies, international financial institutions, banks and commercial finance institutions, corporations, NGOs, service clubs, foundations, educational institutions, religious institutions, parliamentarians and other elected officials, domestic government agencies, advocates, and heads of state and government.

RESULTS Educational Fund will function as secretariat for the Microcredit Summit 2005 Campaign Committee. The Secretariat's work will consist of:

* producing a quarterly newsletter for all Microcredit Summit Council members in which to share ideas, promote successes, and highlight the development of institutional action plans;

* conducting a media campaign to expand awareness, fuel implementation, and enlist new participants in the campaign;

* supporting the ongoing work of the Councils and the Campaign Committee by organizing annual meetings by telephone conference call and in person;

* maintaining a globally accessible website on the Internet to (1) educate people about microcredit and progress toward the Summit's goal, and (2) serve as a focal point from which interested individuals and institutions can link with others doing work in the field;

* soliciting opportunities to present the Summit's campaign at international, regional, and national meetings in order to reach new constituencies; and

* publishing and publicizing a report every two years documenting progress toward the goal of reaching 100 million of the world's poorest families with credit for self-employment and other financial and business services by 2005.

V. Appendix

Calculation of Funds Needed to Achieve Summit's Goal

The Microcredit Summit estimates that 8 million very poor families worldwide are already receiving credit for self-employment. This leaves 92 million families still to be reached by 2005. Of the 92 million still to be reached, the Summit targets 4 million families to be reached in the industrialized countries. This leaves 88 million very poor families to be reached in the developing world by 2005.

100 million borrowers total targeted by 2005
- 8 million already served
92 million total borrowers to be reached by 2005
92 million total borrowers to be reached by 2005
- 4 million targeted in industrialized countries
88 million borrowers to be targeted in developing countries

The Summit assumes US$ 150 of loan funds and US$ 50 of training and institutional development costs per person served in developing countries. For industrialized countries, the Summit assumes US$ 500 of loan funds and US$ 500 for training and institutional development costs per person served.

US$ 200 per borrower served in developing countries
x 88 million borrowers targeted in developing countries
US$ 17.6 billion dollars needed

US$ 1,000 per borrower served in industrialized countries
x 4 million borrowers targeted in industrialized countries
US$ 4 billion dollars needed

US$ 17.6 billion to serve borrowers in developing countries
+ US$ 4 billion to serve borrowers in industrialized countries
US$ 21.6 billion needed to reach 100 million borrowers by 2005

VI. Microcredit Summit Declaration of Support

Our purpose as an assembly is to launch a global campaign to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005. We commit to the development of sustainable institutions which assist very poor women and their families to work their way out of poverty with dignity.

To this end we endorse the efforts outlined below and pledge to assist with those that fall within the purview of our institution:

* Build institutional capacity to reach very poor people in developing countries by (1) strengthening existing microcredit, savings, and business development institutions through networking and exchange of experience, (2) preparing new practitioners through programs of training for social entrepreneurs and microcredit managers, and (3) promoting appropriate policy, legal and regulatory changes;

* Build institutional capacity to reach poor people in industrialized nations and in the economies in transition by (1) strengthening existing microcredit, savings, and business development institutions through networking and exchange of experience, (2) preparing new practitioners through a program of training for social entrepreneurs and microcredit managers, and (3) promoting appropriate policy, legal and regulatory changes;

* Develop, announce, implement, and update an Institutional Action Plan outlining how our institution will contribute to the fulfillment of the Microcredit Summit's goal;

* Enlist others in the campaign to meet the Summit's goal, promote a learning agenda and the exchange of best practices, and encourage the development and fulfillment of institutional action plans; and

* Work with the media campaign to expand awareness, fuel implementation, and enlist new participants in the campaign.

The Summit estimates that up to US$ 21.6 billion will be required to meet the estimated needs; the allocation of these funds being highly conditional on the absorptive and expansion capacity of the microfinance institutions to use the funds. The resources needed to achieve this goal will come from multilateral and bilateral donors, government agencies, grant making organizations, the general public, banks, financial markets and other commercial sources, and the savings, interest payments, and service

charges of the microcredit clients and others in their communities.

Out of a commitment to these goals and to the spirit of the Microcredit Summit Declaration and Plan of Action, I sign below on behalf of my institution.

_____Signature
_____Title
_____Print Name
_____Institution
_____Country
_____Summit Council
_____Date

V. Footnotes

1. For the purposes of this document, the 1997 Microcredit Summit, and the Summit's nine-year fulfillment campaign, any reference to microcredit should be understood to refer to programs that provide credit for self-employment, and other financial and business services (including savings and technical assistance), to very poor persons.

2. Launched in June 1995, CGAP currently has more than twenty members from among donor aid agencies and the regional development banks. CGAP's core objectives are to: (1) strengthen donor coordination in the field of microfinance; (2) increase learning and dissemination of best practices for delivering financial services to the poor on a sustainable basis; (3) mainstream microfinance within World Bank operations; (4) create an enabling environment for microfinance institutions; (5) support microfinance institutions that deliver (or are capable of delivering) credit and/or savings to the very poor on a sustainable basis; and (6) help establish providers of microfinance to assist others to start such services in under-served regions.

3. "A Women's Development Agenda for the 21st Century," UNIFEM, p. 7.

4. "The Facts about Small Business," U.S. Small Business Administration, Washington, D.C., May 1996.

5. Otero and Rhyne, The New World of Microenterprise Finance, p. 244.

6. Village Banking: The State of the Practice, SEEP/UNIFEM, p. 6-7.

7. Susan Hahn and Mario Ganuzza, "Midterm Evaluation: Microenterprise Development Project No. 519-0318," Chemonics (for USAID/El Salvador), Washington, D.C.

8. Peggy Clark and Amy J. Kays, "Microenterprise Assistance: What are We Learning About Results?" Self-Employment Learning Project, Aspen Institute, Washington, D.C., 1995.

9. Shahidur R. Khandker, Baqui Khalily, Zahed Khan, Grameen Bank: Performance and Sustainability, The World Bank Poverty and Social Policy Department, 1995.

10. An excellent review of studies related to the social and economic benefits of microcredit programs can be found in Barbara MkNelly and Christopher Dunford's

paper, "Are Credit and Savings Services Effective Against Hunger and Malnutrition? A Literature Review and Analysis." Freedom From Hunger Research Paper No. 1 (February 1996).

11. When introducing additional loan products, successful microcredit institutions continue to ascertain that the total credit extended can continue to be serviced by the cash flow of the microenterprise. In this way, the new loan offerings provide additional opportunities for the development of the microentrepreneur and her family without risking an overextension of credit that could threaten both the survival of the microbusiness itself, and the asset quality of the entire loan portfolio.

12. In industrialized countries, because of limits placed on usury laws on the amount of interest that can be charged, grants and donations may be expected to be an ongoing component of program financing.

13. These structures and the division of responsibility among them varies greatly from country to country. Supervisory authorities should be understood to include, as appropriate, ministries of finance, central banks, and specialized government supervisory agencies.

14. While the media are not among the fifteen Microcredit Summit Councils, they have a key role to play in the campaign. The media have a responsibility to report on positive developments in human affairs as well as catastrophes. The steady growth and success of microcredit institutions merit regular coverage in print and electronic media.

ANNEX II

Communiqué issued by the Council of Heads of State and Government at the Microcredit Summit and presented to the closing plenary meeting by the Council Co-Chair, H.E. Sheikh Hasina, Prime Minister of Bangladesh, on 4 February 1997

We, the Heads of State and Government, and our representatives participating at the Microcredit Summit held in Washington, D.C. from 2 to 4 February 1997, recognize that collective human effort can produce extraordinary achievements. As we enter the twenty-first century with nearly a fifth of the world's population still living in absolute poverty and with nearly thirteen million children still dying each year from its effects, we renew our efforts to mobilize the dynamic energy of collective human will in the effort to end absolute poverty.

We believe that successful anti-poverty strategies must unleash the energies of people living in poverty and enable them to gain access to resources, including capital, to improve their situation – for themselves, especially their youth and children, and for the society they live in – which in turn would promote social justice, harmony and contribute to the consolidation of peace. We note that freedom from the bondage of poverty promotes education, health and increases the well-being of people. To this end microcredit has been found a most effective tool.

We join with other actors of society to launch the Microcredit Summit's global campaign to reach 100 million of the world's poorest families, especially the women of these families, with credit for self-employment and other financial business services by the year 2005. We recognize the campaign's commitment to the development of sustainable institutions which assist women and their families living in poverty, while at the same time creating an incentive for micro-enterprise activities and generating self-employment.

We believe that access of people to credit would enable them to work their way out of poverty with dignity, promote their effective participation in social, economic and political activities and would contribute to sustainable development.

We recognize that governments will need to play a crucial role in this movement and therefore, we welcome the Summit's Declaration and Plan of Action and expect to consult with leading practitioners to identify and implement best practices.

We bring our energies to this effort because we recognize that microcredit programmes are a key strategy towards achieving many of the goals, including the eradication of poverty and empowerment of women, agreed to at the major global gatherings of this decade, including the World Summit for Social Development in Copenhagen and the Fourth World Conference on Women in Beijing.

We call on all people of goodwill to join in the effort to expand the reach of credit for self-employment and other financial and business services to 100 million of the world's poorest families, especially the women of those families, by the year 2005. We believe this to be a critical next step in the effort to reduce overall poverty substantially and eradicate extreme poverty from the face of earth.

We believe that if we all work together, this campaign will become one of the great new chapters in human history and will allow tens of millions of people to free themselves and their families from the vicious cycle of poverty. We call on all donor countries, international institutions and other bodies involved in eradication of poverty to fully utilize the opportunities that could be provided by institutional microlending to people living in poverty, especially women.

We pledge to inform and educate our peoples about the effectiveness of microcredit and to be spokespersons for this remarkable development tool and the establishment, adaptation and reform of institutions that will be needed to ensure its expansion to tens of millions more.

We pledge to make our nations an example for this campaign and endeavour to ensure that half of the families who are among the very poor are participating in microcredit programmes by 2005.

We will make known to other leaders our commitment to this extraordinary effort for the eradication of poverty and empowerment of peoples living in poverty and to the campaign launched at this Microcredit Summit.

We will encourage other Heads of State and Government to join with us in the effort to arrive at the most important goal of our time.

ANNEX III

Message of the Chairman of the Group of 77
to the Microcredit Summit

On behalf of the Group of 77 whose 132 member countries straddle three of the world's six continents comprising two-thirds of the world's population, we bring greetings to all the participants and our sincere appreciation to the organisers of the Summit.

As we enter the twenty-first century, over one billion people of the world are afflicted by poverty. Yet the world is endowed with resources and riches which, if properly directed, could wipe out the scourge. Pious words or lofty declarations will not alleviate the plight of the poor people. What is needed are concrete actions which will empower them to help themselves. It is against that background that we view the Summit as an important milestone in addressing seriously this menace of the twentieth century.

In the Group of 77, we view the Summit as providing an enabling environment that will lead to many governments, UN agencies, NGOs, civil society and the private sector adapting the initiative to suit their policies and programmes.

As long as there are millions of poor out there there can never be reasonable peace. For peace can only thrive where there is justice. The poor have no self-esteem in a situation of extreme poverty. It is a fact that in extreme poverty we all lose our self-esteem. The eradication of poverty will ensure that humanity fulfilled itself.

At the 20th Annual Ministerial Meeting of the Group of 77 held in New York on September 27, 1996, the Ministers recalled that the United Nations had designated 1996 as the International Year for Eradication of Poverty. The Ministers further reaffirmed their commitment to the eradication of poverty and emphasized that commitments agreed upon at the World Summit for Social Development in Copenhagen should be fully implemented.

As we analyse the content of poverty in many countries especially the Least Developed and Africa, the majority of the poor are women. And to make matters worse all global efforts at restructuring of the economy has thrown more women out of the job market. Hence the term the feminisation of poverty.

This Summit can take the first crucial steps toward the eradication of poverty. The success stories of Bangladesh, where the Grameen Bank experience is a clear testimony of what can be done with modest approach. Already many countries in the Group of 77 have introduced the Grameen philosophy with varying results. But what is clear is that the poor know what is in their best interest. The international community should create the environment for helping the poor liberate themselves.

Once again, on behalf of the Group of 77, we wish the Summit not only success but also the laying of a foundation stone for the eradication of poverty from the face of the Earth. The world would be a better place if women are empowered and helped to advance themselves. Such empowerment will help families and humanity at large. It can be done if everyone played his part.

Daudi N. Mwakawago
Ambassador and Permanent Representative
of the United Republic of Tanzania
to the United Nations
Chairman of the Group of 77
New York.

ANNEX IV

Message by the Secretary-General of the United Nations at the Microcredit Summit

It is my privilege to convey a message to the Microcredit Summit. This Summit is a powerful expression of global solidarity with the world's poorest families, and with the world's poorest women in particular. It is also a landmark event in our ongoing fight to eradicate poverty. I salute all those inspired individuals who have had a hand in organizing the Summit and in ensuring its success.

For her initiative and dynamic role as Co-Chair of the Summit's Council of Heads of State and Government, I warmly congratulate Her Excellency Sheikh Hasina, the Prime Minister of Bangladesh.

The Summit's three honourary Co-Chairs also deserve our profound gratitude: Her Majesty Queen Sofia of Spain, the First Lady of the United States, Mrs. Hillary Rodham Clinton, and the former Prime Minister of Japan, Dr. Tsutomo Hata.

I should also like to pay tribute to the Heads of State and senior Government officials, the President of the World Bank, the heads and representative of other agencies, and all those who, by taking part in this event, have demonstrated their commitment to the struggle against poverty. My special thanks also, to Professor Muhammad Yunus, Founder and Managing Director of the Grameen Bank of Bangladesh and an acknowledged visionary in the field of microcredit.

All of us know that if we are to live in a world of peace, stability and security, the social and economic needs of the world's people must be addressed. We also know that progress in this regard has achieved mixed results. While there have been significant gains in life expectancy, literacy and under-five mortality, there remains widespread deprivation. More than 60 per cent of the world's population subsists on $2 or less per day. More than 1.3 billion people live in absolute poverty. Disparities between rich and poor within and between countries are growing.

This is an unacceptable situation, an affront to human dignity. The international community has recognized this fact and, through the vehicle of United Nations conferences, has committed itself to far-reaching programmes of action for the betterment of living conditions world-wide. This Microcredit Summit sustains the momentum generated by the conference cycle, in particular the World Summit for Social Development and the Fourth World Conference on Women.

The General Assembly, for its part, recently proclaimed the First United Nations Decade for the Eradication of Poverty, which is to run from 1997 through 2006 and whose theme is "eradicating poverty is an ethical, social, political and economic imperative of humankind".

The General Assembly also welcomed the convening of this Summit. And with good reason. Microcredit is a critical anti-poverty tool, a wise investment in human capital. When the poorest, especially women, receive credit, they become economic actors with power--power to improve not only their own lives but, in a widening circle of impact, the lives of their families, their communities, their nations and the community of nations.

Indeed, there is growing and compelling evidence demonstrating how much poor people can achieve if only they are given fair access to financial and development services. Micro-finance, although not a panacea, has proven to be a remarkable instrument to lift the poor from their plight. Therefore I fully endorse the goal of this Summit to reach 100 million of the world's poorest households by the year 2005.

Poor people are not a problem to be overcome. Rather, they are a vital force whose productive potential must be unleashed. This Summit provides both the vision and the practical means to help accomplish this goal. In our common struggle, you can count on my support and that of the entire United Nations system. I wish you the best for a successful outcome to these vitally important deliberations. Thank you.